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DEPARTMENT OF COMMERCE

International Trade Administration

A-201-842; A-580-868; C-580-869

Preliminary Results of Changed Circumstances Reviews of the Antidumping Duty Orders on Large Residential Washers from the Republic of Korea and Mexico, and the Countervailing Duty Order on Large Residential Washers from the Republic of Korea

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (Commerce) preliminarily determines not to revoke the antidumping duty (AD) orders on large residential washers (LRWs) from the Republic of Korea (Korea) and Mexico and the countervailing duty (CVD) order on large residential washers from Korea, in part, with respect to LRWs that (1) have a horizontal rotational axis; (2) are front loading; and (3) have a drive train consisting, *inter alia*, of (a) a controlled induction motor and (b) a belt drive (hereinafter, FL CIM/Belt washers), because Whirlpool Corporation (Whirlpool), the requestor, does not account for substantially all of the production of domestic like product to which these orders pertain.

DATES: Applicable [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: William Miller or Ajay Menon, AD/CVD Operations, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone (202) 482-3906 or (202) 482-1993, respectively.

SUPPLEMENTARY INFORMATION:

Background

On May 11, 2018, in response to a request by Whirlpool, a domestic producer of the subject merchandise, Commerce published a notice of initiation of changed circumstances reviews to consider the possible revocation, in part, of the AD orders on LRWs from Korea and Mexico and the CVD order on large residential washers from Korea (collectively, the *Orders*¹) with respect to FL CIM/Belt washers.² In the *Initiation Notice*, we invited comments from: 1) members of the domestic industry, including their domestic production data of LRWs for 2017; and 2) other interested parties regarding industry support.³

On May 21, 2018, we received comments from Haier U.S. Appliance Solutions, Inc., d/b/a GE Appliances (GE);⁴ LG Electronics USA, Inc., LG Electronics Alabama, Inc., and LG Electronics, Inc. (collectively, LGE);⁵ Samsung Electronics Co., Ltd., Samsung Electronics America, and Samsung Electronics Home Appliances America (collectively, Samsung);⁶ and Whirlpool.⁷ Samsung opposed Whirlpool's request, noting that the U.S. International Trade Commission defined FL CIM/Belt washers as part of the domestic like product.⁸ LGE also

¹ See *Large Residential Washers from Mexico and the Republic of Korea: Antidumping Duty Orders*, 78 FR 11148 (February 15, 2013); and *Large Residential Washers from the Republic of Korea: Countervailing Duty Order*, 78 FR 11154 (February 15, 2013) (the *Orders*).

² See *Large Residential Washers from the Republic of Korea and Mexico: Initiation of Changed Circumstances Reviews, and Consideration of Revocation, in Part, of the Antidumping Duty Orders on Large Residential Washers from the Republic of Korea and Mexico and the Countervailing Duty Order on Large Residential Washers from the Republic of Korea*, 83 FR 22006 (May 11, 2018) (*Initiation Notice*).

³ *Id.*, 83 FR at 22007.

⁴ See GE's Letter, "Large Residential Washers from the Republic of Korea and Mexico – GE Appliances Entry of Appearance and Substantive Response," (GE's Comments) dated May 21, 2018, at 2.

⁵ See LGE's Letter, "LGE's Comments on Initiation of Changed Circumstances Review (CCR) Large Residential Washers from Korea," (LGE's Comments) dated May 21, 2018, at 2-11.

⁶ See Samsung's Letter, "Large Residential Washers from Korea and Mexico: Belt Drive CCR Response to Request for Information and Comments," (Samsung's Comments) dated May 21, 2018, at 2-7.

⁷ See Whirlpool Corporation's (Whirlpool) Letter, "Large Residential Washers from Korea and Mexico: Response of Whirlpool Corporation to U.S. Department of Commerce Request for 2017 Production Data to Support Partial Revocation of AD/CVD Orders," (Whirlpool's Comments) dated May 21, 2018, at 2.

⁸ See Samsung's Comments at 3.

opposed Whirlpool's request, and argued that partially revoking the *Orders* would harm domestic producers.⁹ Additionally, Samsung and LGE each argued that their potential 2018 and 2019 production should be included in Commerce's analysis because they started producing LRWs in the United States in 2018.¹⁰ GE also opposed Whirlpool's request and provided its 2017 production data.¹¹ Finally, Whirlpool submitted additional comments in support of its request and provided its 2017 production data.¹²

On May 29, 2018, we received rebuttal comments from LGE,¹³ Samsung,¹⁴ and Whirlpool.¹⁵ In their rebuttal comments, LGE and Samsung reiterated that Whirlpool does not account for substantially all of the domestic industry.¹⁶ Conversely, in its rebuttal comments, Whirlpool argued that Commerce should use 2017 production data in determining industry support and not speculative future production.¹⁷ Whirlpool further asserted that Commerce should disregard GE's 2017 production data and exercise its discretion to find that Whirlpool constitutes "substantially all" of the domestic industry.¹⁸

Scope of the *Orders*

The products covered by the *Orders* are all large residential washers and certain subassemblies thereof from Mexico and Korea.

⁹ See LGE's Comments at 6.

¹⁰ *Id.* at 3; see also Samsung's Comments at 6.

¹¹ See GE's Comments at 2.

¹² See Whirlpool's Comments at 2.

¹³ See LGE's Letter, "LG Electronics' Rebuttal Comments (Changed Circumstances Review) Large Residential Washers from Korea and Mexico," (LGE's Rebuttal Comments) dated May 29, 2018, at 2-5.

¹⁴ See Samsung's Letter, "Large Residential Washers from Korea and Mexico: Belt Drive CCR Response to Comments and Information," (Samsung's Rebuttal Comments) dated May 29, 2018.

¹⁵ See Whirlpool's Letter, "Large Residential Washers ("LRWs") from Korea and Mexico: Rebuttal Comments of Whirlpool Corporation," (Whirlpool's Rebuttal Comments) dated May 29, 2018.

¹⁶ See LGE's Rebuttal Comments at 4; see also Samsung's Rebuttal Comments at 2.

¹⁷ See Whirlpool's Rebuttal Comments at 2.

¹⁸ *Id.* at 6.

For purposes of these *Orders*, the term “large residential washers” denotes all automatic clothes washing machines, regardless of the orientation of the rotational axis, except as noted below, with a cabinet width (measured from its widest point) of at least 24.5 inches (62.23 cm) and no more than 32.0 inches (81.28 cm).

Also covered are certain subassemblies used in large residential washers, namely: (1) all assembled cabinets designed for use in large residential washers which incorporate, at a minimum: (a) at least three of the six cabinet surfaces; and (b) a bracket; (2) all assembled tubs¹⁹ designed for use in large residential washers which incorporate, at a minimum: (a) a tub; and (b) a seal; (3) all assembled baskets²⁰ designed for use in large residential washers which incorporate, at a minimum: (a) a side wrapper;²¹ (b) a base; and (c) a drive hub;²² and (4) any combination of the foregoing subassemblies.

Excluded from the scope are stacked washer-dryers and commercial washers. The term “stacked washer-dryers” denotes distinct washing and drying machines that are built on a unitary frame and share a common console that controls both the washer and the dryer. The term “commercial washer” denotes an automatic clothes washing machine designed for the “pay per use” market meeting either of the following two definitions:

- (1) (a) it contains payment system electronics;²³ (b) it is configured with an externally mounted steel frame at least six inches high that is designed to house a coin/token operated payment system (whether or not the actual coin/token

¹⁹ A “tub” is the part of the washer designed to hold water.

²⁰ A “basket” (sometimes referred to as a “drum”) is the part of the washer designed to hold clothing or other fabrics.

²¹ A “side wrapper” is the cylindrical part of the basket that actually holds the clothing or other fabrics.

²² A “drive hub” is the hub at the center of the base that bears the load from the motor.

²³ “Payment system electronics” denotes a circuit board designed to receive signals from a payment acceptance device and to display payment amount, selected settings, and cycle status. Such electronics also capture cycles and payment history and provide for transmission to a reader.

operated payment system is installed at the time of importation); (c) it contains a push button user interface with a maximum of six manually selectable wash cycle settings, with no ability of the end user to otherwise modify water temperature, water level, or spin speed for a selected wash cycle setting; and (d) the console containing the user interface is made of steel and is assembled with security fasteners;²⁴ *or*

(2) (a) it contains payment system electronics; (b) the payment system electronics are enabled (whether or not the payment acceptance device has been installed at the time of importation) such that, in normal operation,²⁵ the unit cannot begin a wash cycle without first receiving a signal from a *bona fide* payment acceptance device such as an electronic credit card reader; (c) it contains a push button user interface with a maximum of six manually selectable wash cycle settings, with no ability of the end user to otherwise modify water temperature, water level, or spin speed for a selected wash cycle setting; and (d) the console containing the user interface is made of steel and is assembled with security fasteners.

Also excluded from the scope are automatic clothes washing machines with a vertical rotational axis and a rated capacity of less than 3.7 cubic feet, as certified to the U.S. Department of Energy pursuant to 10 CFR 429.12 and 10 CFR 429.20, and in accordance with the test procedures established in 10 CFR Part 430.

²⁴ A “security fastener” is a screw with a non-standard head that requires a non-standard driver. Examples include those with a pin in the center of the head as a “center pin reject” feature to prevent standard Allen wrenches or Torx drivers from working.

²⁵ “Normal operation” refers to the operating mode(s) available to end users (*i.e.*, not a mode designed for testing or repair by a technician).

The products subject to these *Orders* are currently classifiable under subheadings 8450.20.0040 and 8450.20.0080 of the Harmonized Tariff System of the United States (HTSUS). Products subject to these *Orders* may also enter under HTSUS subheadings 8450.11.0040, 8450.11.0080, 8450.90.2000, and 8450.90.6000. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the merchandise subject to this scope is dispositive.

Scope of Changed Circumstances Reviews

Whirlpool requests that Commerce revoke the *Orders*, in part, with respect to FL CIM/Belt washers.²⁶ Should Commerce determine to revoke the *Orders*, in part, Whirlpool proposes that Commerce amend the scope language as follows: “{A}lso excluded from the scope are automatic clothes washing machines that meet all of the following conditions: (1) have a horizontal rotational axis; (2) are front loading; and (3) have a drive train consisting, *inter alia*, of (a) a controlled induction motor and (b) a belt drive.”²⁷

Preliminary Results of Changed Circumstances Reviews

Pursuant to sections 751(d)(1) and 782(h) of the Tariff Act of 1930, as amended (the Act), and 19 CFR 351.222(g), Commerce may revoke an AD or CVD order, in whole or in part, based on a review under section 751(b) of the Act (*i.e.*, a changed circumstances review). Section 751(b)(1) of the Act requires that a changed circumstances review be conducted upon receipt of a request which shows changed circumstances sufficient to warrant a review. Section 782(h)(2) of the Act gives Commerce the authority to revoke an order if producers accounting for substantially all of the production of the domestic like product have expressed a lack of

²⁶ See Whirlpool’s Comments at 2.

²⁷ Whirlpool proposes that the following words be defined as follows: (1) front loading” means that “access to the basket is from the front of the washer;” and (3) a “controlled induction motor” is “an asynchronous, alternating current, polyphase induction motor.”

interest in the order. Section 351.222(g) of Commerce's regulations provides that Commerce will conduct a changed circumstances review under 19 CFR 351.216, and may revoke an order (in whole or in part), if it concludes that: (i) producers accounting for substantially all of the production of the domestic like product to which the order pertains have expressed a lack of interest in the relief provided by the order, in whole or in part, or (ii) if other changed circumstances sufficient to warrant revocation exist. Both the Act and Commerce's regulations require that "substantially all" domestic producers express a lack of interest in the order for Commerce to revoke the order, in whole or in part.²⁸ Commerce has interpreted "substantially all" to represent producers accounting for at least 85 percent of U.S. production of the domestic like product.²⁹

Record evidence indicates that Whirlpool does not account for at least 85 percent of the production of the domestic like product, and therefore, does not account for "substantially all" of the production of the domestic like product.³⁰ We based our analysis on actual 2017 production volumes, the most recent complete year for which we have actual production data.³¹ Information on the record of this proceeding shows that in 2017, only GE and Whirlpool had actual domestic

²⁸ See Section 782(h) of the Act and 19 CFR 351.222(g).

²⁹ See, e.g., *Honey from Argentina; Antidumping and Countervailing Duty Changed Circumstances Reviews; Preliminary Intent to Revoke Antidumping and Countervailing Duty Orders*, 77 FR 67790, 67791 (November 14, 2012), unchanged in *Honey from Argentina; Final Results of Antidumping and Countervailing Duty Changed Circumstances Reviews; Revocation of Antidumping and Countervailing Duty Orders*, 77 FR 77029 (December 31, 2012).

³⁰ See Memorandum, "Analysis of U.S. Production Data for the Preliminary Results of the Changed Circumstances Reviews: Large Residential Washers from the Republic of Korea and Mexico" (Analysis Memorandum), dated concurrently with this notice, at 1.

³¹ LGE and Samsung argue that we should base our determination on projected production data for 2018 and 2019. However, we need not reach this issue, given that even the 2017 data demonstrate that Whirlpool did not account for "substantially all" of the domestic production.

production of LRWs.³² GE opposed Whirlpool's request. We find no basis to disregard GE's 2017 production volume for purposes of our preliminary analysis, as suggested by Whirlpool.

Therefore, based on our analysis of the 2017 production volumes of the domestic industry, we preliminarily determine not to revoke the *Orders*, in part, with respect to FL/CIM Belt washers.

Public Comment

Interested parties may submit case briefs no later than 21 days after the date of publication of this notice.³³ Rebuttal briefs, limited to arguments raised in the case briefs, may be submitted no later than seven days after the deadline for case briefs.³⁴ Parties who submit case or rebuttal briefs are requested to submit, as part of that submission, (a) a statement of the issues, (b) a summary of the arguments, and (c) a table of authorities.³⁵

Any interested party may request a hearing within 30 days of publication of this notice.³⁶ Hearing requests should contain the following information: (1) the party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. Oral presentations at the hearing will be limited to issues raised in the case and rebuttal briefs. If a request for a hearing is made, parties will be notified of the time and date for the hearing to be held at the U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230.³⁷

All submissions, with limited exceptions, must be filed electronically using Enforcement

³² The data on each company's 2017 production volumes and values are business proprietary information that cannot be discussed here. For more information, see Analysis Memorandum.

³³ See 19 CFR 351.309(c)(1)(ii).

³⁴ See 19 CFR 351.309(d).

³⁵ See 19 CFR 351.309(c)(2) and (d)(2).

³⁶ See 19 CFR 351.310(c).

³⁷ See 19 CFR 351.310(d).

and Compliance's AD and CVD Centralized Electronic Service System (ACCESS).³⁸ ACCESS is available to registered users at <http://access.trade.gov> and in the Central Records Unit, room B8024 of the main Department of Commerce building. An electronically filed document must be received successfully in its entirety by ACCESS, by 5 p.m. Eastern Time (ET) on the due date. Documents excepted from the electronic submission requirements must be filed manually (*i.e.*, in paper form) with the APO/Dockets Unit in Room 18022 and stamped with the date and time of receipt by 5 p.m. ET on the due date.³⁹

Commerce will issue the final results of these changed circumstances reviews, which will include its analysis of any written comments, no later than 270 days after the date on which this review was initiated.

The current requirement for cash deposits of estimated antidumping and countervailing duties on all entries of subject merchandise will continue unless until they are modified pursuant to the final results of these changed circumstances reviews.

This notice is published in accordance with sections 751(b) and 777(i) of the Act.

Dated: November 5, 2018

Gary Taverman
Deputy Assistant Secretary
for Antidumping and Countervailing Duty Operations,
performing the non-exclusive functions and duties of the
Assistant Secretary for Enforcement and Compliance

³⁸ See generally 19 CFR 351.303.

³⁹ See *Antidumping and Countervailing Duty Proceedings: Electronic Filing Procedures; Administrative Protective Order Procedures*, 76 FR 39263 (July 6, 2011).

